

Electric Service Deposits Commercial Customers

Taken from Services Supplied by Electric Utilities R 460.3101 - 460.3908:

R 460.3901 Customer deposits.

Rule 901. (1) Both of the following provisions apply to new customer deposits:

(a) Except as provided in subdivision (b) of this subrule, a utility shall not require a deposit from a new customer as a condition of receiving service. A utility may, with proper notification, require a deposit from a new customer if the customer exhibits an unsatisfactory record of bill payment within the first 6 months after service has commenced. Payment of bills on or before the due date shall constitute a satisfactory record of bill payment.

(b) A utility may require a deposit for a new customer under any of the following conditions:

(i) Service is for short periods or special occasions.

(ii) The new customer has an existing bad debt with any company regulated by the commission.

(iii) Other business accounts with the customer are experiencing collection activity.

(iv) The customer has no established credit rating or an unfavorable credit rating with a credit-reporting agency.

(2) An existing customer shall be classified as one who has received service for more than a 6-month period. A deposit may be required under any of the following conditions:

(a) If a shutoff notice has been issued on 2 or more occasions within the most recent 12-month period.

(b) Service has been shut off for nonpayment.

(c) The customer has tampered with the meter or converted utility electricity to the customer's use.

(3) A deposit of not more than 3 times an average monthly billing may be required from customers who are subject to deposit provisions. The utility shall provide reasonable terms for the payment of the deposit. If the applicant has sought any form of relief under the federal bankruptcy laws or is brought within the jurisdiction of the bankruptcy court for any reason, or if a receiver is appointed in a state court proceeding, the utility may assess a deposit as allowed by federal bankruptcy law or state law.

(4) A deposit may be retained by the utility until the customer compiles a record of up to 18 continuous months of bill payment on or before the due date.

(5) A utility shall pay simple interest to each customer who is required to make a deposit for the time the deposit is held by the utility. The interest rate shall be the rate paid on United States savings bonds, series EE, as of the first business day of the calendar year. Interest need not be paid unless the deposit is held for more than 12 months. Payment of the interest to the customer shall be made annually if requested by the customer. If payment of the interest is not requested, the interest shall be paid at the time the deposit is returned. Interest shall be accrued annually. The deposit shall cease to draw interest on the date the deposit is returned, on the date service is terminated, or on the date that notice that the deposit is no longer required is sent to the customer's last known address.

(6) If service is terminated or shut off, the utility may apply the deposit, plus accrued interest, to the customer's unpaid balance. If the deposit, plus accrued interest, is more than the unpaid balance, the excess shall be returned to the customer.

(7) Each utility shall keep records that show all of the following information:

(a) The name and address of each depositor.

(b) The amount and date of the deposit.

(c) Each transaction concerning the deposit.

(8) Each utility shall issue a receipt of deposit to each customer from whom a deposit is received and shall provide means by which a depositor may establish a claim if the receipt is lost.

(9) A record of each unclaimed deposit shall be maintained for not less than 3 years, during which time the utility shall make a reasonable effort to return the deposit.

(10) Unclaimed deposits, together with accrued interest, shall be credited to an appropriate account and shall be disposed of pursuant to Michigan statutes.

(11) Deposits for residential customers are governed by the provisions of R 460.2101 et seq.

History: 1979 ACS 13, Eff. Jan. 6, 1983; 1989 MR 12, Eff. Jan. 4, 1990; 1996 MR 4, Eff. May 10, 1996.